HOUSING MARKET INFORMATION

RENTAL MARKET REPORT

Newfoundland and Labrador Highlights*

CANADA MORTGAGE AND HOUSING CORPORATION

Date Released: Fall 2013

Figure 1

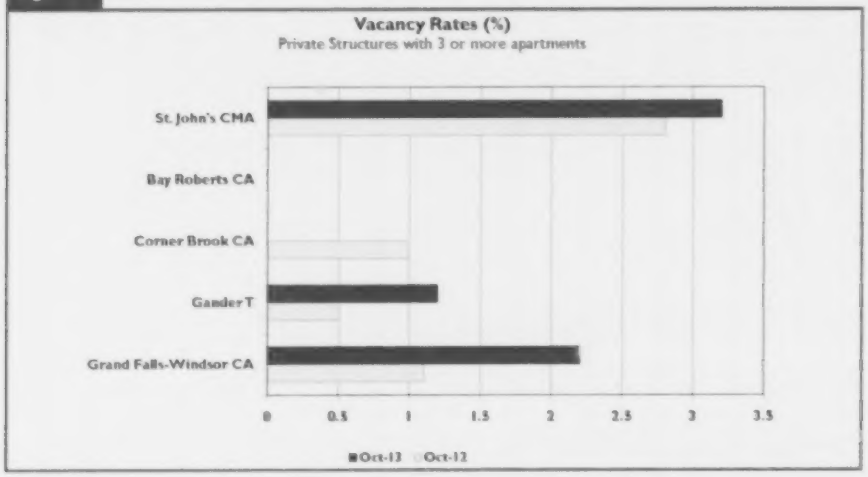
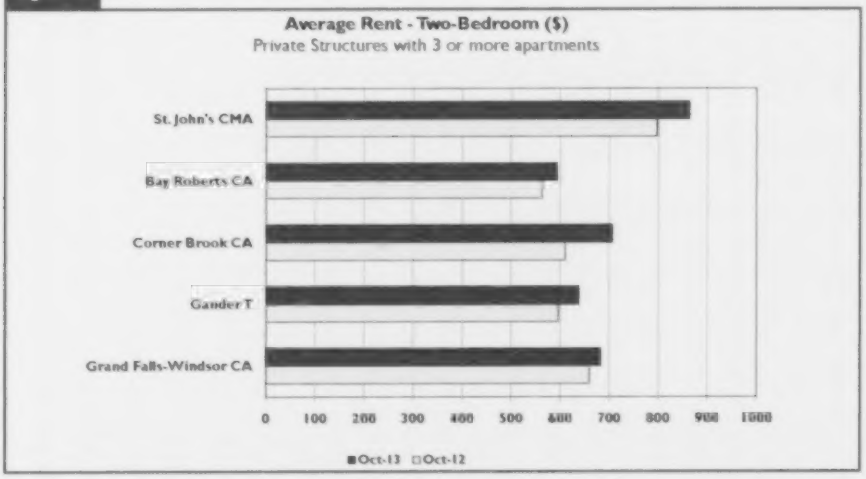


Figure 2



*Only centres with a population of 10,000 + are included in the survey. Detailed reports are available for CMAs.

Provincial Vacancy Rates Mixed

- The private apartment provincial vacancy rate was 2.7 per cent in October 2013, up from 2.2 per cent last year.
- St. John's area vacancy rate was 3.2 per cent in October 2013 compared to 2.8 per cent last year.
- Corner Brook reported the lowest vacancy rate of zero per cent this October.
- The average two-bedroom rent was $784 across the provincial urban centres surveyed.

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Overview

According to the results of Canada Mortgage and Housing Corporation's (CMHC) Fall Rental Market Survey, vacancy rates[1] were mixed in the urban centres[2]. The overall provincial vacancy rate increased to 2.7 per cent in October from 2.2 per cent a year ago. The vacancy rate was highest in St. John's Census Metropolitan Area (CMA), while Corner Brook had the lowest vacancy rate. Average rents were highest in the St. John's area and the lowest in Bay Roberts.

The St. John's area rental market posted a vacancy rate of 3.2 per cent in October 2013 versus 2.8 per cent last year. Despite high home prices, the homeownership rate was influenced by low mortgage rates and income growth in 2013 for those renter households who were able to buy a home. This exerted upward pressure on the vacancy rate this year.

Gander posted an increase in the vacancy rate to 1.2 per cent this fall compared to 0.5 per cent last year, which still represented the second lowest vacancy rate across the province. The rental apartment market in Gander continues to be supported by a stable local economy. Gander's economy is postively impacted by its large hospital, international airport, its central location as a regional service hub and solid residential and commercial development.

Grand Falls-Windsor posted an increase in the vacancy rate to 2.2 per cent in October versus 1.1 per cent last year. In a relatively small market, this moderate increase represents very few vacant units. Grand Falls-Windsor continues to see generally strong demand for rental units due to the town's healthy economy. Its large hospital, community colleges, a significant increase in residential and commercial development, and its location as a service hub for surrounding communities has led to increased economic activity throughout the area.

A well diversified economy paired with strengths in the health, education and tourism sectors remained supportive of demand for rental units in the Corner Brook area. The vacancy rate for the western region hub recorded a decline to zero per cent this fall compared to 1.0 per cent last year. It should be noted that the vacancy rate was also zero during the CMHC's Spring 2013 survey.

Average Rents

The average two bedroom rent was $784 per month across all five urban centres surveyed, with increases recorded in all centres in 2013. The highest average two-bedroom rent recorded was $864 in St. John's, while Bay Roberts recorded the lowest average rent at $593. The remaining average two-bedroom rents were $706 in Corner Brook, which was the highest recorded outside the St. John's area, $683 in Grand Falls-Windsor and $638 in Gander.

Based on structures common to both the 2012 and 2013 surveys[3], overall average rents increased 4.6 per cent across all centres. In St. John's, the average rent increased 4.4 per cent. In Corner Brook, the increase was 5.1 per cent. In Grand Falls-Windsor average rents increased 2.5 per cent, while Gander increased the most, at 7.0 per cent.

The average rent increases were driven by steady rental demand brought about by growth in population, income and employment in most of the surveyed centres, as well as increased economic activity and prosperity throughout the province in general. Average rents continue to climb due to overall housing demand generated by strong economic conditions, despite the fact demand remains somewhat limited for the units in the private apartment rental market universe.

Availability Rates

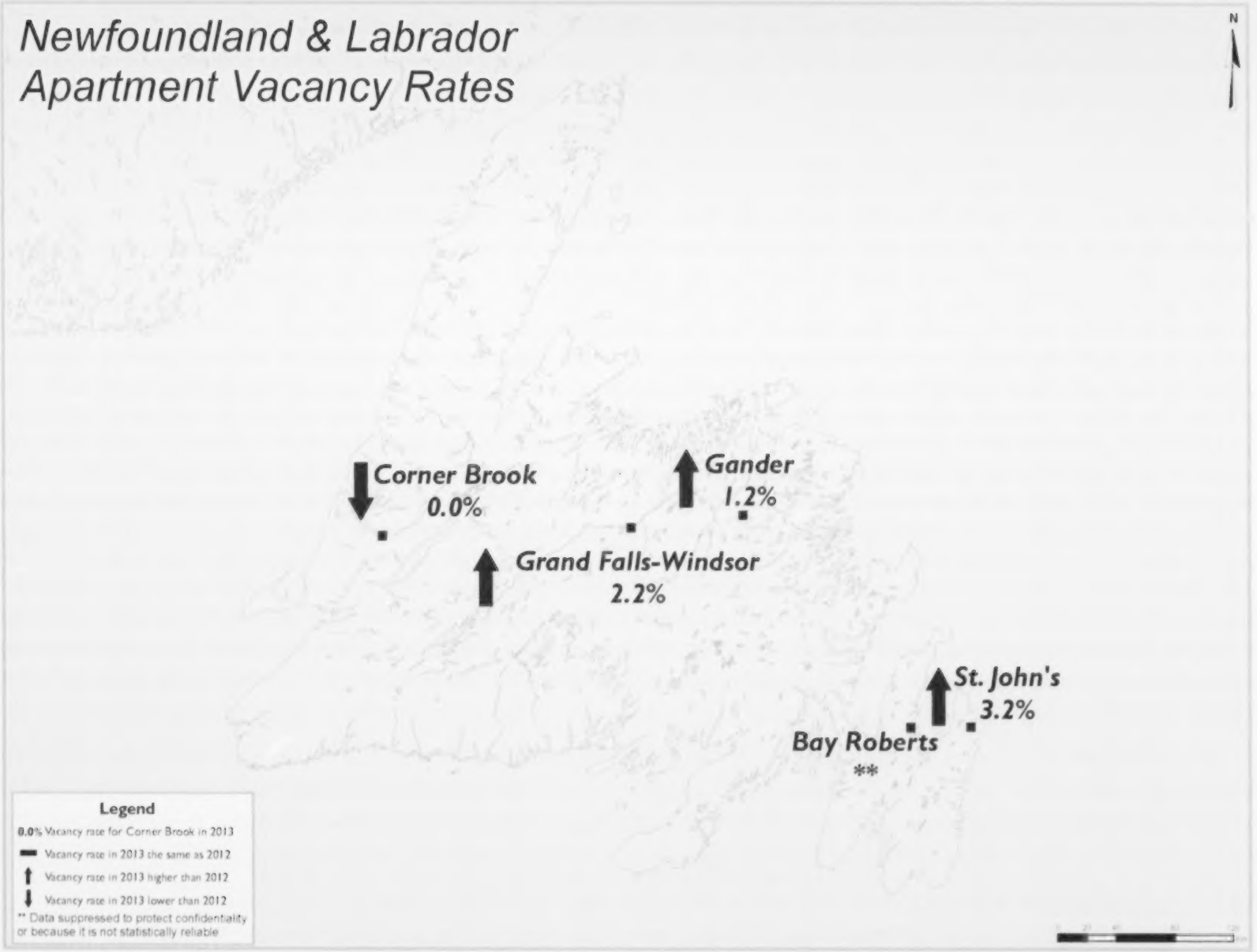
The apartment availability rate ranged from a high of 3.8 per cent in St. John's in October 2013 versus 3.3 per cent last year, to a low of 1.1 per cent in Corner Brook compared to 1.0 per cent in the fall of 2012. The availability rate was 2.2 per cent in the Grand Falls-Windsor area versus 1.3 per cent a year ago, while Gander recorded a rate of 1.2 per cent compared to 0.5 per cent in October 2012.

[1] Based on privately-initiated rental apartments in structures of three or more units.

[2] Urban centres are defined as centres with a population of over 10,000. Census metropolitan areas (CMA) are based on Statistics Canada definition.

[3] When comparing year-over-year average rents, the age of the building needs to be taken into consideration because rents in newly-built structures tend to be higher than in existing buildings. By comparing rents for units that are common to both 2012 and 2013 Fall rental market surveys, we can get a better indication of actual rent increases paid by most tenants.

Newfoundland & Labrador Apartment Vacancy Rates



1.1.1 Private Apartment Vacancy Rates (%) by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13
St. John's CMA	4.2	4.8	2.1	2.4	3.0	3.0	3.0	6.0	2.8	3.2
Bay Roberts CA	-	-	**	**	**	**	-	**	**	**
Corner Brook CA	4.3	0.0	1.7	0.0	0.3	0.0	2.4	0.0	1.0	0.0
Gander T	**	**	0.8	1.7	0.5	0.9	0.0	2.7	0.5	1.2
Grand Falls-Windsor CA	0.0	0.0	3.7	1.2	0.5	2.3	**	8.8	1.1	2.2
Newfoundland & Labrador 10,000+	**4.1**	**4.4**	**2.1**	**2.1**	**2.0**	**2.4**	**2.6**	**5.0**	**2.2**	**2.7**

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
- No units exist in the universe for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.2 Private Apartment Average Rents ($) by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13
St. John's CMA	611	649	709	739	798	864	854	870	758	804
Bay Roberts CA	-	-	**	**	563	593	-	**	557	586
Corner Brook CA	439	462	527	556	610	706	740	798	591	667
Gander T	**	**	533	567	596	638	684	696	588	627
Grand Falls-Windsor CA	**	**	533	543	659	683	**	**	634	659
Newfoundland & Labrador 10,000+	**591**	**631**	**663**	**695**	**725**	**784**	**821**	**840**	**706**	**753**

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a - Excellent ($0 \leq cv \leq 2.5$), b- Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data not statistically reliable.
- No units exist in the universe for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.3 Number of Private Apartment Units in the Universe by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13
St. John's CMA	363	360	1,107	1,105	1,715	1,755	282	278	3,467	3,498
Bay Roberts CA	0	0	3	3	28	27	0	1	31	31
Corner Brook CA	25	26	117	122	310	347	42	42	494	537
Gander T	1	1	121	121	426	427	37	37	585	586
Grand Falls-Windsor CA	6	6	86	87	378	387	10	12	480	492
Newfoundland & Labrador 10,000+	**395**	**393**	**1,434**	**1,438**	**2,857**	**2,943**	**371**	**370**	**5,057**	**5,144**

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
- No units exist in the universe for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

1.1.4 Private Apartment Availability Rates (%) by Bedroom Type Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13
St. John's CMA	4.2	5.1	2.4	2.8	3.6	3.6	3.7	7.2	3.3	3.8
Bay Roberts CA	-	-	**	**	**	**	-	**	**	**
Corner Brook CA	4.3	3.9	1.7	0.9	0.3	1.2	2.4	0.0	1.0	1.1
Gander T	**	**	0.8	1.7	0.5	0.9	0.0	2.7	0.5	1.2
Grand Falls-Windsor CA	0.0	0.0	5.0	1.2	0.5	2.3	**	8.8	1.3	2.2
Newfoundland & Labrador 10,000+	**4.1**	**4.9**	**2.4**	**2.4**	**2.3**	**2.9**	**3.1**	**6.0**	**2.5**	**3.2**

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
- No units exist in the universe for this category n/a: Not applicable

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1.1.5 Private Apartment Estimate of Percentage Change (%) of Average Rent[1] by Bedroom Type
Newfoundland and Labrador

Centre	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-11 to Oct-12	Oct-12 to Oct-13	Oct-11 to Oct-12	Oct-12 to Oct-13	Oct-11 to Oct-12	Oct-12 to Oct-13	Oct-11 to Oct-12	Oct-12 to Oct-13	Oct-11 to Oct-12	Oct-12 to Oct-13
St. John's CMA	4.2	4.6	4.8	3.9	4.0	5.2	4.8	2.2	4.2	4.4
Bay Roberts CA	-	-	**	**	**	**	-	**	++	**
Corner Brook CA	4.1	4.3	4.2	3.8	3.7	5.9	-4.3	8.2	3.5	5.1
Gander T	**	**	3.9	9.5	4.9	7.2	3.3	4.9	4.8	7.0
Grand Falls-Windsor CA	**	**	4.8	1.4	2.9	2.6	**	**	3.0	2.5
Newfoundland & Labrador 10,000+	**4.0**	**4.4**	**4.6**	**4.5**	**4.0**	**5.2**	**3.1**	**3.4**	**4.0**	**4.6**

[1]The Percentage Change of Average Rent is a measure of the market movement, and is based on those structures that were common to the survey sample for both years.

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
++ Change in rent is not statistically significant. This means that the change in rent is not statistically different than zero (0).
- No units exist in the universe for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

5.1 Other Secondary Rented Unit[1] Average Rents ($) by Dwelling Type Newfoundland and Labrador - October 2013

	Bachelor		1 Bedroom		2 Bedroom		3 Bedroom +		Total	
	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13	Oct-12	Oct-13
St. John's CMA										
Single Detached	**	**	**	**	802	683	1,169	1,153	1,110	1,090
Semi detached, Row and Duplex	**	**	**	**	562	**	626	682	596	725
Other-Primarily Accessory Suites	**	**	**	579	**	668	859	897	740	665
Total	**	**	631	579	671	732	766	802	704	734

[1]Statistics for secondary rented units exclude apartments in purpose built rental structures with three rental units or more, condominium apartments, units in institutions, and any dwelling whose type could not be identified in the survey.

The following letter codes are used to indicate the reliability of the estimates (cv = coefficient of variation):
a - Excellent ($0 \leq cv \leq 2.5$), b- Very good ($2.5 < cv \leq 5$), c - Good ($5 < cv \leq 7.5$), d - Fair (Use with Caution) ($7.5 < cv \leq 10$)
** Data suppressed to protect confidentiality or data not statistically reliable.
- No units exist in the universe for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

5.2 Estimated Number of Households in Other Secondary Rented Units[1] by Dwelling Type Newfoundland and Labrador - October 2013

	Estimated Number of Households in Other Secondary Rented Units[1]	
	Oct-12	Oct-13
St. John's CMA		
Single Detached	1,444	1,581
Semi detached, Row and Duplex	7,595	7,994
Other-Primarily Accessory Suites	**	**
Total	15,376	15,464

[1]Statistics for secondary rented units exclude apartments in purpose built rental structures with three rental units or more, condominium apartments, units in institutions, and any dwelling whose type could not be identified in the survey.

The following letter codes are used to indicate the reliability of the estimates:
a - Excellent, b- Very good, c - Good, d - Fair (Use with Caution)
** Data suppressed to protect confidentiality or data not statistically reliable.
- No units exist in the universe for this category n/a: Not applicable

Please click Methodology or Data Reliability Tables Appendix link for more details

TECHNICAL NOTE:

Difference between Percentage Change of Average Rents (Existing and New Structures) AND Percentage Change of Average Rents from Fixed Sample (Existing Structures Only):

Percentage Change of Average Rents (New and Existing Structures): The increase/decrease obtained from the calculation of percentage change of average rents between two years (example: $500 in the previous year vs. $550 in current survey represents an increase of 10 percent) is impacted by changes in the composition of the rental universe (e.g. the inclusion of newly built luxury rental buildings in the survey, rental units renovated/upgraded or changing tenants could put upward pressure on average rents in comparison to the previous year) as well as by the rent level movement (e.g. increase/decrease in the level of rents that landlords charge their tenants).

Percentage Change of Average Rents from Fixed Sample (Existing Structures Only): This is a measure that estimates the rent level movement. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. However, some composition effects still remain e.g. rental units renovated/upgraded or changing tenants because the survey does not collect data to such level of details.

METHODOLOGY FOR RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts the **Rental Market Survey** (RMS) every year in April and October to estimate the relative strengths in the rental market. The survey is conducted on a sample basis in all urban areas with populations of 10,000 and more. The survey targets only privately initiated structures with at least three rental units, which have been on the market for at least three months. The survey collects market rent, available and vacant unit data for all sampled structures.
The survey is conducted by a combination of telephone interviews and site visits, and information is obtained from the owner, manager, or building superintendent. The survey is conducted during the first two weeks of April/October, and the results reflect market conditions at that time.

CMHC is constantly reviewing the Universe of rental structures in the rental market Universe to ensure that it is as complete as possible. Every year, any newly completed rental structures with at least 3 rental units are added to the Universe. In addition to this, CMHC undertakes comprehensive reviews by comparing the Universe listing to other sources of data to ensure that the list of structures is as complete as possible.

CMHC's Rental Market Survey provides a snapshot of vacancy and availability rates, and average rents in both new and existing structures. There also exists a measure for the change in rent that is calculated based on existing structures only. The estimate is based on structures that were common to the survey sample for both the previous year and the current Rental Market Surveys. The change in rent in existing structures is an estimate of the change in rent that the landlords charge and removes compositional effects on the rent level movement due to new buildings, conversions, and survey sample rotation. The estimate of per cent change in rent is available in all Canada and Provincial Highlights publications, and also in the CMA reports (fall survey only). The rent levels in new and existing structures are also published. While the per cent change in rents in existing structures published in the reports are statistically significant, changes in rents that one might calculate based on rent levels in new and existing structures may or may not be statistically significant.

METHODOLOGY FOR SECONDARY RENTAL MARKET SURVEY

Canada Mortgage and Housing Corporation (CMHC) conducts a survey of the **Secondary Rental Market** (SRMS) in September and October to estimate the relative strengths in the secondary rental market which is defined as those dwellings not covered by the regular RMS – rented single-detached homes, semi-detached (double) homes, rented freehold row/townhomes, rented duplex apartments (i.e., one-above-other), rented accessory apartments (separate dwelling units that are located within the structure of another dwelling type), rented condominiums (can be any dwelling type but are primarily apartments), and one or two apartments which are part of a commercial or other type of structure.

The SRMS has three components which are conducted in selected CMAs:

- A Household Rent Survey of all households to collect information about rents.
- A Condominium Apartment Rent Survey of households living in condominium apartments to collect information about rents.
- A Condominium Apartment Vacancy Survey of condominium apartment owners to collect vacancy information.

All three surveys are conducted by telephone interviews. For the condominium apartment vacancy survey, information is obtained from the owner, manager, or building superintendent and can be supplemented by site visits if no telephone contact is made. For the other two surveys, information is collected from an adult living in the household. All surveys are conducted in September and October, and the results reflect market conditions at that time.

CMHC publishes the number of units rented and vacancy rates for the condominium vacancy survey. For the condominium rent and household rent surveys, the average rent is published. A letter code representing the statistical reliability (i.e., the coefficient of variation (CV)) for each estimate is provided to indicate the data reliability. Rented condominium apartments were surveyed in the following CMAs: Vancouver, Victoria, Calgary, Edmonton, Regina, Saskatoon, Winnipeg, Toronto, Ottawa, Montréal and Québec (NOTE: Condo rent data was not collected for Regina and Saskatoon). Other secondary rental market units were surveyed in Abbotsford, Barrie, Calgary, Edmonton, Halifax, Montreal, Ottawa, Quebec, St. John's, Toronto, Winnipeg, Regina, Saskatoon, Kelowna, Vancouver and Victoria.

Every year CMHC reviews the method of estimation for Household Rent Survey, which may result in some changes to previously published estimates. All statistics in this report are reflective of the new method of estimation.

DEFINITIONS

Availability: A rental unit is considered available if the existing tenant has given, or has received, notice to move, and a new tenant has not signed a lease; or the unit is vacant (see definition of vacancy below).

Rent: The rent refers to the actual amount tenants pay for their unit. No adjustments are made for the inclusion or exclusion of amenities and services such as heat, hydro, parking, and hot water. For available and vacant units, the rent is the amount the owner is asking for the unit.

It should be noted that the average rents reported in this publication provide a sound indication of the amounts paid by unit size and geographical sector. Utilities such as heating, electricity and hot water may or may not be included in the rent.

Rental Apartment Structure: Any building containing three or more rental units, of which at least one unit is not ground oriented. Owner-occupied units are not included in the rental building unit count.

Rental Row (Townhouse) Structure: Any building containing three or more rental units, all of which are ground oriented with vertical divisions. Owner-occupied units are not included in the rental building unit count. These row units in some centres are commonly referred to as townhouses.

Vacancy: A unit is considered vacant if, at the time of the survey, it is physically unoccupied and available for immediate rental.

Definitions of Census Areas referred to in this publication are as follows:

A census metropolitan area (CMA) or a census agglomeration (CA) is formed by one or more adjacent municipalities centred on a large urban area (known as the urban core). The census population count of the urban core is at least 10,000 to form a census agglomeration and at least 100,000 to form a census metropolitan area. To be included in the CMA or CA, other adjacent municipalities must have a high degree of integration with the central urban area, as measured by commuting flows derived from census place of work data. CMAs and CAs contain whole municipalities or Census Subdivisions.

Data presented is based on Statistics Canada's 2011 Census area definitions.

Acknowledgement

The Rental Market Survey and the Secondary Rental Market Survey could not have been conducted without the cooperation of the rental property owners, managers, building superintendents and household members throughout Canada. CMHC acknowledges their hard work and assistance in providing timely and accurate information. As a result of their contribution, CMHC is able to provide information that benefits the entire housing industry.

Rental Affordability Indicators

CMHC no longer reports on its rental affordability indicators (i.e. average rent compared to average renter income) given significant variability of underlying renter income data.

CMHC—HOME TO CANADIANS

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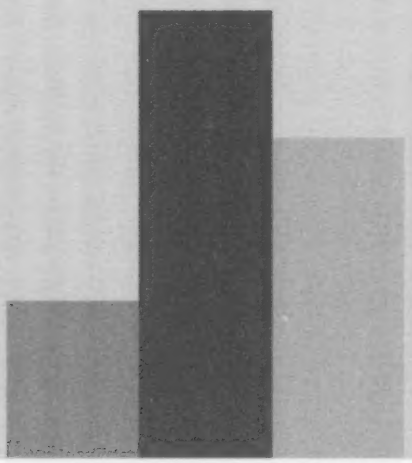

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- Housing Market Outlook, Canada
- Housing Market Outlook, Highlight Reports – Canada and Regional
- Housing Market Outlook, Major Centres
- Housing Market Tables: Selected South Central Ontario Centres
- Housing Now, Canada
- Housing Now, Major Centres
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